

ARTICLES OF INCORPORATION
OF
SOUTHALL COMMONS
HOMEOWNERS ASSOCIATION, INC.

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies:

ARTICLE I

NAME

The name of the corporation is **SOUTHALL COMMONS HOMEOWNERS ASSOCIATION, INC.** hereinafter the "Association".

ARTICLE II

REGISTERED OFFICE AND INITIAL AGENT

The principal office and the office of the registered agent of the Association is located at 976 Trinity Road, Raleigh, North Carolina 27607. The location of the registered office may be changed by a majority vote of the Board of Directors. The name of the initial registered agent at the above address is Paul Holst. The principal office and the office of the registered office is located in Wake County, North Carolina.

ARTICLE III

PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate a pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation, and architectural control of residences, Lots and Common Elements within that certain tract of property described in Article I of the Declaration of Covenants, Conditions and Restrictions for Southall Commons and which is incorporated herein by reference, and to promote the health, safety, and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of the Association, and for this purpose to:

- (a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions, and Restrictions recorded in or to be recorded in the County of Wake Register of Deeds, applicable to the above-described property, as the same may be amended from time to time, said Declaration being incorporated herein as if set forth at length;

(b) fix, levy, collect, and enforce payment by any lawful means all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

(c) acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) borrow money, and with the assent of Members entitled to at least two-thirds (2/3) of the votes appurtenant to each Class A Lot and Class B Lot, mortgage, pledge, deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the property rights of the Members of the Association, as provided in Article III of the Declaration;

(e) dedicate, sell, mortgage or transfer all or any part of the Common Elements any public agency, authority, utility for such purposes;

(f) participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Elements; and

(g) have and to exercise any and all powers, rights, and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise.

ARTICLE IV

FINANCE

The Association is a non-stock corporation and no part of the profits (if any) of the Association shall inure to the pecuniary benefit of its Members or to any other person.

ARTICLE V

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot within Exhibit A, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot within the Declaration.

ARTICLE VI**VOTING RIGHTS**

The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Member(s) shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot owned. The Class membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) Five (5) years after the later of the date the Declaration or any supplement adding additional land is recorded in the County Register of Deeds.

ARTICLE VII**BOARD OF DIRECTORS**

The affairs of this Association shall be managed by an initial Board of six (6) Directors who need not be Members of the Association. The number of Directors may be changed by amendment of the Bylaws of the Association. The Declarant may appoint all Directors until Class B memberships cease to exist. After the period of Declarant control ceases, the Members shall elect three (3) Directors for a term of one (1) year and the remaining Directors for a term of two (2) years, and at each annual meeting thereafter, the Members shall elect for a term of two (2) years the number of Directors whose terms are expiring.

ARTICLE VIII**DISSOLUTION**

The Association may be dissolved only upon the signed written assent of the Members entitled to not less than three-fourths (3/4) of the votes appurtenant to each Class A and Class B Lot. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE IX

DURATION

The period of existence of the Association is perpetual.

ARTICLE X

AMENDMENTS

Amendment to these Articles shall require the assent of the Members entitled to at least three-fourths (3/4) of the entire vote of the membership.

ARTICLE XI

INCORPORATOR

The name and address of the incorporator are as follows:

Paul Holst
976 Trinity Road
Raleigh, North Carolina 27607

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this the 20th day of April, 2006.

[Signature] (SEAL)
Paul Holst, Incorporator



STATE OF North Carolina

COUNTY OF Wake

I, Katherine A. Allio, a Notary Public in and for said County and State aforesaid, do hereby certify that Paul Holst personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and Notarial seal, this the 20th day of April, 2006.

Katherine A. Allio
Notary Public
My Commission Expires: 12/26/2010

